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FOR AMBASSADOR - DCM - POL - ECON

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REASON 1.5 D

FOLLOWING IS THE ASDAR FOR FEBRUARY 10, 1998

1. (C) ECUADOR: ELECTION APPROACHES. THE CAMPAIGN FOR THE MAY 31 PRESIDENTIAL ELECTION IS OFF TO A SLOW START, WITH POTENTIAL CANDIDATES STILL MANEUVERING BEHIND THE SCENES. JAIME NEBOT, THE TRADITIONAL STANDARD-BEARER AND PERENNIAL LOSER OF THE LEADING PSC, HAS ANNOUNCED HE WILL NOT RUN. THIS LEAVES QUITO MAYOR JAMIL MAHUAD (DP) AND

MEDIA FIGURE FREDDY EHIERS (NP) IN THE FOREFRONT, ALTHOUGH NEITHER HAS DECLARED HIS CANDIDACY. POTENTIAL PSC CANDIDATES INCLUDE CONGRESS PRESIDENT HEINZ MOELLER AND GUAYAQUIL BUSINESSMAN ISIDRO ROMERO. CONTENDERS ARE LOOKING CAREFULLY AT POSSIBLE RUNNING MATES, AS BALANCING THE TICKET BETWEEN COAST AND HIGHLAND IS CRUCIAL IN ECUADORAN POLITICS.

2. (U) BOLIVIA: BOLIVIAN AMBASSADOR MEETS GEN. MCCAFFREY. AMB. PEREZ DURING A 2/9 MEETING NOTED CONCERN OVER POSSIBLE LARGE CUTS IN INL FUNDING IN BOLIVIA. MCCAFFREY SAID THE USG IS NOT CUTTING OFF SUPPORT AND THAT THE BUDGET WILL NOT DROP TO \$12 MILLION. HE NOTED THAT THE \$50 MILLION EARMARK WAS NON-BINDING AND THAT THE ADMINISTRATION IS WORKING WITH

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CONGRESS TO SECURE ADEQUATE FUNDING FOR ALL NATIONS IN THE

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REGION. MCCAFFREY IS IMPRESSED BY PRES. BANZER'S DETERMINATION TO WIPE OUT DRUG TRAFFICKING AND HE CITED PERU AS AN EXAMPLE OF WHAT POLITICAL WILL CAN DO. HE NOTED THIS IS BOLIVIA'S LAST CHANCE TO PROVE IT CAN WIPE OUT THE DRUG TRADE.

3. (SBU) COLOMBIA: NGO OUTREACH PAYS OFF. A DELEGATION FROM HUMAN RIGHTS NGOS, WHOM WE BRIEFED AND EMBASSY MET DURING A TRIP TO COLOMBIA LAST MONTH, PRESENTED THEIR FINDINGS IN AN OPEN SESSION TODAY. THE FINDINGS--INCREASES IN PARAMILITARY VIOLENCE & INTERNAL DISPLACEMENT AND LOCAL COMPLAINTS ABOUT AERIAL ERADICATION--BROKE NO NEW GROUND. ON BALANCE THE ATTITUDE TOWARD USG POLICY WAS QUITE POSITIVE. THE GROUP ACKNOWLEDGED OUR "LEAHY" EUM EFFORTS, CREDITED US PRESSURE ON COLMIL FOR THE MILITARY'S NEW ANTI-PARAMILITARY STANCE, AND LAUDED THE NEW HR REPORT. RECOMMENDATIONS FOR USG POLICY INCLUDED HUMANITARIAN AID FOR IDPS AND SUPPORT OF THE PEACE PROCESS. A CAUTIONARY NOTE WAS SOUNDED ON ANY CONTEMPLATION OF USC COUNTERINSURGENCY ASSISTANCE TO ENABLE THE GOC TO REGAIN CONTROL OF DRUG-PRODUCING AREAS.

4. (SBU) COLOMBIA: AIRSCAN RESUMES PATROLLING OIL PIPE LINE. AIRSCAN PRESIDENT JOHN MANSUR TOLD US THAT AS OF 1400 EST FEB 10 AIRSCAN HAD RESUMED PATROLLING CANO LIMON PIPELINE IN ARAUCA DEPT. (DUE TO CONTRACT PROBLEMS, AIRSCAN STOPPED FLYING IN MID-DECEMBER.) AIRSCAN WILL CONTINUE THE FLIGHTS FOR THE NEXT 3-4 MONTHS. AIRSCAN'S CONTRACT IS NOW WITH THE COLOMBIAN AIR FORCE WITH FUNDING COMING FROM ECOPETROL (RATHER THAN OCCIDENTAL) SO FAR IN 1998, THERE
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HAVE BEEN SEVEN ATTACKS ON THE PIPELINE--A RECORD SETTING RATE (THERE WERE SOME 65 ATTACKS IN ALL OF 1997) . IN LIGHT OF THE ATTACKS AND THE WEEKEND ELN BOMBING OF THE PIPELINE, IT'S GOOD THAT AIRSCAN IS BACK!

5. (C) VENEZUELA: VENANCHAM IN TOWN. ARMED WITH A MESSAGE

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THAT IS BEING PLAYED AROUND TOWN, SENIOR VENAMCHAM OFFICIALS MET WITH PDAS ON 2/9 AND DELIVERED THE FOLLOWING POINTS: (1) LACK OF PRIVATE SECTOR REPRESENTATION AT SANTIAGO IS SENDING THE WRONG MESSAGE; (2) LABOR AND VENEZUELA'S AUTO REGIME SHOULD NOT BE DEAL BREAKERS IN BIT TALKS AS U.S. BUSINESS CAN GET AROUND GOV LAWS; AND (3) A ROUGH ROAD LIES AHEAD FOR THE VENEZUELAN ECONOMY BECAUSE OF FALLING OIL PRICES AND THE OVERVALUED BOLIVAR. THE HARDEST HITS MAY NOT BE FELT UNTIL 1999 WHEN A NEW GOVERNMENT TAKES OFFICE AND IS FORCED TO MAKE EXCHANGE RATE CORRECTIONS. VENAMCHAM GENERAL MANAGER HERRERA ASKED THAT THE USG CONSIDER VENEZUELA FOR ANDEAN TRADE PREFERENCES ACT BENEFITS. IN ADDITION TO THE STATE MEETING, VENAMCHAM IS MEETING WITH TREASURY, USTR, FAA, SENATOR MURKOWSKI, AND PRES COUNSELOR MCLARTY.
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